

22-Oct-91

GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: 56 Kbps DIGITAL DSAL

STATE: CALIFORNIA

I. Cost and Salvage Value of Equipment

| | |
|--|------------|
| 1. Circuit Equipment Material | \$741.76 |
| 2. Outside Plant Material | 343.00 |
| 3. Total Material Cost (L1 + L2) | 1,084.76 |
| 4. Net Salvage Value (Including Cost of Removal) | 3.58 |
| 5. Net Material Cost (L3 - L4) | \$1,081.18 |

II. Installation Cost

| | |
|--|------------|
| 6. Circuit Equipment Engineering Labor | \$51.26 |
| 7. Outside Plant Engineering Labor | 104.03 |
| 8. Total Engineering Labor (L6 + L7) | 155.29 |
| 9. Circuit Equipment Installation Labor | 189.93 |
| 10. Outside Plant Installation Labor | 449.80 |
| 11. Total Installation Labor (L9 + L10) | 639.73 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$1,879.78 |

III. Non-Reusable Cost

| | |
|--|----------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$795.02 |
| 14. Cost of Removal | 4.56 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$799.58 |

IV. Net Investment

| | | |
|---------------------------------------|------------|-----------------------------|
| 16. Total Net Investment (L12 - L4) | \$1,876.20 | % of Total Investment |
|---------------------------------------|------------|-----------------------------|

V. Total Annual Cost

| | | |
|-------------------------------------|----------|--------|
| 17. Circuit Equipment Depreciation | \$81.29 | 8.27% |
| 18. Outside Plant Depreciation | 39.46 | 4.40% |
| 19. Return | 105.94 | 5.64% |
| 20. Federal and State Income Tax | 65.43 | 3.48% |
| 21. Annual Nonrecoverable Cost | 22.64 | 1.20% |
| 22. Maintenance | 102.12 | 5.43% |
| 23. Administration | 102.84 | 5.47% |
| 24. Other Taxes | 17.76 | 0.94% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$537.48 | 28.59% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|----------|-----------------------|---------------------------------|
| 27. Proposed Non-Recurring Charge | \$100.00 | % Unit Cost/ Price | % Unit Cost/ Unit Investment |
| 28. Monthly Cost (L26 / 12) | \$44.79 | | |
| 29. Proposed Monthly Recurring Charge | \$44.79 | | |
| 30. Unit Cost/PV Analysis | \$36.22 | 80.87% | 23.12% |

22-Oct-91

GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: 56 Kbps DIGITAL DSAL

STATE: ILLINOIS

I. Cost and Salvage Value of Equipment

| | |
|--|------------|
| 1. Circuit Equipment Material | \$740.52 |
| 2. Outside Plant Material | 420.60 |
| 3. Total Material Cost (L1 + L2) | 1,161.12 |
| 4. Net Salvage Value (Including Cost of Removal) | 3.78 |
| 5. Net Material Cost (L3 - L4) | \$1,157.34 |

II. Installation Cost

| | |
|--|------------|
| 6. Circuit Equipment Engineering Labor | \$37.41 |
| 7. Outside Plant Engineering Labor | 412.89 |
| 8. Total Engineering Labor (L6 + L7) | 450.30 |
| 9. Circuit Equipment Installation Labor | 145.62 |
| 10. Outside Plant Installation Labor | 982.38 |
| 11. Total Installation Labor (L9 + L10) | 1,128.00 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$2,739.42 |

III. Non-Reusable Cost

| | |
|--|------------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$1,578.30 |
| 14. Cost of Removal | 14.05 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$1,592.35 |

IV. Net Investment

| | |
|---------------------------------------|------------|
| 16. Total Net Investment (L12 - L4) | \$2,735.64 |
|---------------------------------------|------------|

V. Total Annual Cost

| | | |
|-------------------------------------|----------|--------|
| 17. Circuit Equipment Depreciation | \$55.78 | 6.04% |
| 18. Outside Plant Depreciation | 88.07 | 4.85% |
| 19. Return | 154.31 | 5.63% |
| 20. Federal and State Income Tax | 91.60 | 3.34% |
| 21. Annual Nonrecoverable Cost | 39.72 | 1.45% |
| 22. Maintenance | 171.72 | 6.27% |
| 23. Administration | 150.12 | 5.48% |
| 24. Other Taxes | 45.96 | 1.68% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$797.28 | 29.10% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|----------|--------|--------|
| 27. Proposed Non-Recurring Charge | \$100.00 | | |
| 28. Monthly Cost (L26 / 12) | \$66.44 | | |
| 29. Proposed Monthly Recurring Charge | \$66.44 | | |
| 30. Unit Cost/PV Analysis | \$53.93 | 81.17% | 23.62% |

22-Oct-91

GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: 56 Kbps DIGITAL DSAL

STATE: INDIANA

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I. Cost and Salvage Value of Equipment

| | |
|--|------------|
| 1. Circuit Equipment Material | \$740.14 |
| 2. Outside Plant Material | 412.26 |
| 3. Total Material Cost (L1 + L2) | 1,152.40 |
| 4. Net Salvage Value (Including Cost of Removal) | 4.45 |
| 5. Net Material Cost (L3 - L4) | \$1,147.95 |

II. Installation Cost

| | |
|--|------------|
| 6. Circuit Equipment Engineering Labor | \$37.39 |
| 7. Outside Plant Engineering Labor | 179.78 |
| 8. Total Engineering Labor (L6 + L7) | 217.17 |
| 9. Circuit Equipment Installation Labor | 153.25 |
| 10. Outside Plant Installation Labor | 638.57 |
| 11. Total Installation Labor (L9 + L10) | 791.82 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$2,161.39 |

III. Non-Reusable Cost

| | |
|--|------------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$1,008.99 |
| 14. Cost of Removal | 3.32 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$1,012.31 |

IV. Net Investment

| | |
|---------------------------------------|------------|
| 16. Total Net Investment (L12 - L4) | \$2,156.94 |
|---------------------------------------|------------|

V. Total Annual Cost

| | | |
|-------------------------------------|----------|--------|
| 17. Circuit Equipment Depreciation | \$67.02 | 7.20% |
| 18. Outside Plant Depreciation | 75.68 | 6.15% |
| 19. Return | 121.83 | 5.64% |
| 20. Federal and State Income Tax | 68.49 | 3.17% |
| 21. Annual Nonrecoverable Cost | 14.02 | 0.65% |
| 22. Maintenance | 159.60 | 7.38% |
| 23. Administration | 174.48 | 8.07% |
| 24. Other Taxes | 22.44 | 1.04% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$703.56 | 32.55% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|----------|--------|--------|
| 27. Proposed Non-Recurring Charge | \$100.00 | | |
| 28. Monthly Cost (L26 / 12) | \$58.63 | | |
| 29. Proposed Monthly Recurring Charge | \$58.63 | | |
| 30. Unit Cost/PV Analysis | \$44.09 | 75.20% | 24.48% |

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GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: 56 Kbps DIGITAL DSAT

STATE: CALIFORNIA

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I. Cost and Salvage Value of Equipment

| | |
|--|----------|
| 1. Circuit Equipment Material | \$80.77 |
| 2. Outside Plant Material | 22.74 |
| 3. Total Material Cost (L1 + L2) | 103.50 |
| 4. Net Salvage Value (Including Cost of Removal) | 1.19 |
| 5. Net Material Cost (L3 - L4) | \$102.31 |

II. Installation Cost

| | |
|--|----------|
| 6. Circuit Equipment Engineering Labor | \$26.08 |
| 7. Outside Plant Engineering Labor | 2.12 |
| 8. Total Engineering Labor (L6 + L7) | 28.21 |
| 9. Circuit Equipment Installation Labor | 29.28 |
| 10. Outside Plant Installation Labor | 4.43 |
| 11. Total Installation Labor (L9 + L10) | 33.70 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$165.41 |

III. Non-Reusable Cost

| | |
|--|---------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$61.91 |
| 14. Cost of Removal | 0.00 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$61.91 |

IV. Net Investment

| | | |
|--------------------------------------|----------|-----------------------------|
| 16. Total Net Investment (L12 - L4) | \$164.22 | % of Total Investment |
|--------------------------------------|----------|-----------------------------|

V. Total Annual Cost

| | | |
|-------------------------------------|---------|--------|
| 17. Circuit Equipment Depreciation | \$11.26 | 8.27% |
| 18. Outside Plant Depreciation | 1.29 | 4.40% |
| 19. Return | 9.37 | 5.66% |
| 20. Federal and State Income Tax | 5.79 | 3.50% |
| 21. Annual Nonrecoverable Cost | 7.06 | 4.27% |
| 22. Maintenance | 7.87 | 4.76% |
| 23. Administration | 9.06 | 5.48% |
| 24. Other Taxes | 1.56 | 0.95% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$53.27 | 32.20% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|--------|-----------------------|---------------------------------|
| 27. Proposed Non-Recurring Charge | \$0.00 | % Unit Cost/ Price | % Unit Cost/ Unit Investment |
| 28. Monthly Cost (L26 / 12) | \$4.44 | | |
| 29. Proposed Monthly Recurring Charge | \$4.44 | | |
| 30. Unit Cost/PV Analysis | \$3.68 | 83.00% | 26.73% |

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GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: 56,Kbps DIGITAL DSAT

STATE: ILLINOIS

I. Cost and Salvage Value of Equipment

| | |
|--|---------|
| 1. Circuit Equipment Material | \$69.01 |
| 2. Outside Plant Material | 30.77 |
| 3. Total Material Cost (L1 + L2) | 99.78 |
| 4. Net Salvage Value (Including Cost of Removal) | 0.97 |
| 5. Net Material Cost (L3 - L4) | \$98.81 |

II. Installation Cost

| | |
|--|----------|
| 6. Circuit Equipment Engineering Labor | \$14.03 |
| 7. Outside Plant Engineering Labor | 2.05 |
| 8. Total Engineering Labor (L6 + L7) | 16.08 |
| 9. Circuit Equipment Installation Labor | 24.99 |
| 10. Outside Plant Installation Labor | 5.19 |
| 11. Total Installation Labor (L9 + L10) | 30.18 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$146.05 |

III. Non-Reusable Cost

| | |
|--|---------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$46.27 |
| 14. Cost of Removal | 0.00 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$46.27 |

IV. Net Investment

| | | |
|--------------------------------------|----------|-----------------------------|
| 16. Total Net Investment (L12 - L4) | \$145.08 | % of Total Investment |
|--------------------------------------|----------|-----------------------------|

V. Total Annual Cost

| | | |
|-------------------------------------|---------|--------|
| 17. Circuit Equipment Depreciation | \$6.53 | 6.04% |
| 18. Outside Plant Depreciation | 1.84 | 4.85% |
| 19. Return | 8.27 | 5.66% |
| 20. Federal and State Income Tax | 4.91 | 3.36% |
| 21. Annual Nonrecoverable Cost | 5.91 | 4.05% |
| 22. Maintenance | 8.50 | 5.82% |
| 23. Administration | 8.00 | 5.48% |
| 24. Other Taxes | 2.51 | 1.72% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$46.47 | 31.82% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|--------|-----------------------|---------------------------------|
| 27. Proposed Non-Recurring Charge | \$0.00 | % Unit Cost/ Price | % Unit Cost/ Unit Investment |
| 28. Monthly Cost (L26 / 12) | \$3.87 | | |
| 29. Proposed Monthly Recurring Charge | \$3.87 | | |
| 30. Unit Cost/PV Analysis | \$3.21 | 82.78% | 26.34% |

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GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: 56 Kbps DIGITAL DSAI

STATE: INDIANA

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I. Cost and Salvage Value of Equipment

| | |
|--|----------|
| 1. Circuit Equipment Material | \$76.59 |
| 2. Outside Plant Material | 31.36 |
| 3. Total Material Cost (L1 + L2) | 107.95 |
| 4. Net Salvage Value (Including Cost of Removal) | 1.07 |
| 5. Net Material Cost (L3 - L4) | \$106.88 |

II. Installation Cost

| | |
|--|----------|
| 6. Circuit Equipment Engineering Labor | \$14.00 |
| 7. Outside Plant Engineering Labor | 1.79 |
| 8. Total Engineering Labor (L6 + L7) | 15.80 |
| 9. Circuit Equipment Installation Labor | 27.01 |
| 10. Outside Plant Installation Labor | 5.37 |
| 11. Total Installation Labor (L9 + L10) | 32.38 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$156.13 |

III. Non-Reusable Cost

| | |
|--|---------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$48.18 |
| 14. Cost of Removal | 0.00 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$48.18 |

IV. Net Investment

| | | |
|--------------------------------------|----------|-----------------------------|
| 16. Total Net Investment (L12 - L4) | \$155.06 | % of Total Investment |
| V. Total Annual Cost | | ----- |
| 17. Circuit Equipment Depreciation | \$8.47 | 7.20% |
| 18. Outside Plant Depreciation | 2.37 | 6.15% |
| 19. Return | 8.84 | 5.66% |
| 20. Federal and State Income Tax | 4.97 | 3.18% |
| 21. Annual Nonrecoverable Cost | 4.76 | 3.05% |
| 22. Maintenance | 10.00 | 6.41% |
| 23. Administration | 12.56 | 8.05% |
| 24. Other Taxes | 1.69 | 1.08% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$53.66 | 34.37% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|--------|-----------------------|---------------------------------|
| 27. Proposed Non-Recurring Charge | \$0.00 | % Unit Cost/ Price | % Unit Cost/ Unit Investment |
| 28. Monthly Cost (L26 / 12) | \$4.47 | | |
| 29. Proposed Monthly Recurring Charge | \$4.47 | | |
| 30. Unit Cost/PV Analysis | \$3.42 | 76.59% | 26.32% |

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GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: HIGH CAPACITY DIGITAL DS1 DSAL

STATE: CALIFORNIA

I. Cost and Salvage Value of Equipment

| | |
|--|------------|
| 1. Circuit Equipment Material | \$5,500.37 |
| 2. Outside Plant Material | 1,814.41 |
| 3. Total Material Cost (L1 + L2) | 7,314.78 |
| 4. Net Salvage Value (Including Cost of Removal) | 62.28 |
| 5. Net Material Cost (L3 - L4) | \$7,252.50 |

II. Installation Cost

| | |
|--|-------------|
| 6. Circuit Equipment Engineering Labor | \$1,432.73 |
| 7. Outside Plant Engineering Labor | 569.30 |
| 8. Total Engineering Labor (L6 + L7) | 2,002.03 |
| 9. Circuit Equipment Installation Labor | 1,495.65 |
| 10. Outside Plant Installation Labor | 964.81 |
| 11. Total Installation Labor (L9 + L10) | 2,460.46 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$11,777.27 |

III. Non-Reusable Cost

| | |
|--|------------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$4,462.49 |
| 14. Cost of Removal | 5.64 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$4,468.13 |

IV. Net Investment

| | | |
|---------------------------------------|-------------|-----------------------------|
| 16. Total Net Investment (L12 - L4) | \$11,714.99 | % of Total Investment |
|---------------------------------------|-------------|-----------------------------|

V. Total Annual Cost

| | | |
|-------------------------------------|------------|--------|
| 17. Circuit Equipment Depreciation | \$697.06 | 8.27% |
| 18. Outside Plant Depreciation | 147.33 | 4.40% |
| 19. Return | 665.97 | 5.65% |
| 20. Federal and State Income Tax | 411.31 | 3.49% |
| 21. Annual Nonrecoverable Cost | 22.33 | 0.19% |
| 22. Maintenance | 590.88 | 5.02% |
| 23. Administration | 644.16 | 5.47% |
| 24. Other Taxes | 110.76 | 0.94% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$3,289.80 | 27.93% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|------------|-----------------------|---------------------------------|
| 27. Proposed Non-Recurring Charge | \$1,500.00 | % Unit Cost/ Price | % Unit Cost/ Unit Investment |
| 28. Monthly Cost (L26 / 12) | \$274.15 | | |
| 29. Proposed Monthly Recurring Charge | \$274.15 | | |
| 30. Unit Cost/PV Analysis | \$220.47 | 80.42% | 22.46% |

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GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: HIGH CAPACITY DIGITAL DS1 DSAL

STATE: ILLINOIS

I. Cost and Salvage Value of Equipment

| | |
|--|------------|
| 1. Circuit Equipment Material | \$5,192.15 |
| 2. Outside Plant Material | 2,112.11 |
| 3. Total Material Cost (L1 + L2) | 7,304.26 |
| 4. Net Salvage Value (Including Cost of Removal) | 63.48 |
| 5. Net Material Cost (L3 - L4) | \$7,240.78 |

II. Installation Cost

| | |
|--|-------------|
| 6. Circuit Equipment Engineering Labor | \$985.56 |
| 7. Outside Plant Engineering Labor | 482.71 |
| 8. Total Engineering Labor (L6 + L7) | 1,468.27 |
| 9. Circuit Equipment Installation Labor | 1,114.98 |
| 10. Outside Plant Installation Labor | 971.37 |
| 11. Total Installation Labor (L9 + L10) | 2,086.35 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$10,858.88 |

III. Non-Reusable Cost

| | |
|--|------------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$3,554.62 |
| 14. Cost of Removal | 4.35 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$3,558.97 |

IV. Net Investment

| | |
|---------------------------------------|-------------|
| 16. Total Net Investment (L12 - L4) | \$10,795.40 |
|---------------------------------------|-------------|

V. Total Annual Cost

| | | |
|-------------------------------------|------------|--------|
| 17. Circuit Equipment Depreciation | \$440.48 | 6.04% |
| 18. Outside Plant Depreciation | 172.96 | 4.85% |
| 19. Return | 614.38 | 5.66% |
| 20. Federal and State Income Tax | 364.70 | 3.36% |
| 21. Annual Nonrecoverable Cost | 167.64 | 1.54% |
| 22. Maintenance | 641.88 | 5.91% |
| 23. Administration | 595.08 | 5.48% |
| 24. Other Taxes | 182.16 | 1.68% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$3,179.28 | 29.28% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|------------|--------|--------|
| 27. Proposed Non-Recurring Charge | \$1,500.00 | | |
| 28. Monthly Cost (L26 / 12) | \$264.94 | | |
| 29. Proposed Monthly Recurring Charge | \$264.94 | | |
| 30. Unit Cost/PV Analysis | \$215.35 | 81.28% | 23.80% |

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GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: HIGH CAPACITY DIGITAL DS1 DSAL

STATE: INDIANA

I. Cost and Salvage Value of Equipment

| | |
|--|------------|
| 1. Circuit Equipment Material | \$5,126.95 |
| 2. Outside Plant Material | 2,112.93 |
| 3. Total Material Cost (L1 + L2) | 7,239.88 |
| 4. Net Salvage Value (Including Cost of Removal) | 62.66 |
| 5. Net Material Cost (L3 - L4) | \$7,177.22 |

II. Installation Cost

| | |
|--|-------------|
| 6. Circuit Equipment Engineering Labor | \$985.56 |
| 7. Outside Plant Engineering Labor | 432.34 |
| 8. Total Engineering Labor (L6 + L7) | 1,417.90 |
| 9. Circuit Equipment Installation Labor | 1,171.32 |
| 10. Outside Plant Installation Labor | 1,079.39 |
| 11. Total Installation Labor (L9 + L10) | 2,250.71 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$10,908.49 |

III. Non-Reusable Cost

| | |
|--|------------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$3,668.61 |
| 14. Cost of Removal | 4.57 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$3,673.18 |

IV. Net Investment

| | | |
|---------------------------------------|-------------|-----------------------------|
| 16. Total Net Investment (L12 - L4) | \$10,845.83 | % of Total Investment |
|---------------------------------------|-------------|-----------------------------|

V. Total Annual Cost

| | | |
|-------------------------------------|------------|--------|
| 17. Circuit Equipment Depreciation | \$524.44 | 7.20% |
| 18. Outside Plant Depreciation | 222.92 | 6.15% |
| 19. Return | 617.13 | 5.66% |
| 20. Federal and State Income Tax | 346.95 | 3.18% |
| 21. Annual Nonrecoverable Cost | 40.81 | 0.37% |
| 22. Maintenance | 725.04 | 6.65% |
| 23. Administration | 880.32 | 8.07% |
| 24. Other Taxes | 112.56 | 1.03% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$3,470.16 | 31.81% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|------------|-----------------------|---------------------------------|
| 27. Proposed Non-Recurring Charge | \$1,500.00 | % Unit Cost/ Price | % Unit Cost/ Unit Investment |
| 28. Monthly Cost (L26 / 12) | \$289.18 | | |
| 29. Proposed Monthly Recurring Charge | \$289.18 | | |
| 30. Unit Cost/PV Analysis | \$215.82 | 74.63% | 23.74% |

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GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: HIGH CAPACITY DIGITAL DS1 DSAT

STATE: CALIFORNIA

I. Cost and Salvage Value of Equipment

| | |
|--|----------|
| 1. Circuit Equipment Material | \$446.69 |
| 2. Outside Plant Material | 364.50 |
| 3. Total Material Cost (L1 + L2) | 811.19 |
| 4. Net Salvage Value (Including Cost of Removal) | 7.10 |
| 5. Net Material Cost (L3 - L4) | \$804.09 |

II. Installation Cost

| | |
|--|------------|
| 6. Circuit Equipment Engineering Labor | \$132.10 |
| 7. Outside Plant Engineering Labor | 34.16 |
| 8. Total Engineering Labor (L6 + L7) | 166.25 |
| 9. Circuit Equipment Installation Labor | 200.16 |
| 10. Outside Plant Installation Labor | 71.41 |
| 11. Total Installation Labor (L9 + L10) | 271.57 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$1,249.02 |

III. Non-Reusable Cost

| | |
|--|----------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$437.83 |
| 14. Cost of Removal | 0.00 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$437.83 |

IV. Net Investment

| | | |
|---------------------------------------|------------|-----------------------------|
| 16. Total Net Investment (L12 - L4) | \$1,241.92 | % of Total Investment |
|---------------------------------------|------------|-----------------------------|

V. Total Annual Cost

| | | |
|-------------------------------------|----------|--------|
| 17. Circuit Equipment Depreciation | \$64.42 | 8.27% |
| 18. Outside Plant Depreciation | 20.68 | 4.40% |
| 19. Return | 70.66 | 5.66% |
| 20. Federal and State Income Tax | 43.64 | 3.49% |
| 21. Annual Nonrecoverable Cost | 29.66 | 2.37% |
| 22. Maintenance | 65.18 | 5.22% |
| 23. Administration | 68.31 | 5.47% |
| 24. Other Taxes | 11.76 | 0.94% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$374.31 | 29.97% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|---------|--------|--------|
| 27. Proposed Non-Recurring Charge | \$0.00 | | |
| 28. Monthly Cost (L26 / 12) | \$31.19 | | |
| 29. Proposed Monthly Recurring Charge | \$31.19 | | |
| 30. Unit Cost/PV Analysis | \$25.50 | 81.75% | 24.50% |

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GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: HIGH CAPACITY DIGITAL DS1 DSAT

STATE: ILLINOIS

ATTACHMENT I
Page 11 of 12

I. Cost and Salvage Value of Equipment

| | |
|--|------------|
| 1. Circuit Equipment Material | \$527.07 |
| 2. Outside Plant Material | 492.95 |
| 3. Total Material Cost (L1 + L2) | 1,020.02 |
| 4. Net Salvage Value (Including Cost of Removal) | 8.58 |
| 5. Net Material Cost (L3 - L4) | \$1,011.44 |

II. Installation Cost

| | |
|--|------------|
| 6. Circuit Equipment Engineering Labor | \$154.64 |
| 7. Outside Plant Engineering Labor | 32.93 |
| 8. Total Engineering Labor (L6 + L7) | 187.57 |
| 9. Circuit Equipment Installation Labor | 258.93 |
| 10. Outside Plant Installation Labor | 86.01 |
| 11. Total Installation Labor (L9 + L10) | 344.94 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$1,552.53 |

III. Non-Reusable Cost

| | |
|--|----------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$532.51 |
| 14. Cost of Removal | 0.00 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$532.51 |

IV. Net Investment

| | |
|---------------------------------------|------------|
| 16. Total Net Investment (L12 - L4) | \$1,543.96 |
|---------------------------------------|------------|

V. Total Annual Cost

| | | |
|-------------------------------------|----------|--------|
| 17. Circuit Equipment Depreciation | \$56.81 | 6.04% |
| 18. Outside Plant Depreciation | 29.68 | 4.85% |
| 19. Return | 87.81 | 5.66% |
| 20. Federal and State Income Tax | 52.13 | 3.36% |
| 21. Annual Nonrecoverable Cost | 50.08 | 3.23% |
| 22. Maintenance | 92.89 | 5.98% |
| 23. Administration | 85.05 | 5.48% |
| 24. Other Taxes | 26.21 | 1.69% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$480.67 | 30.96% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|---------|--------|--------|
| 27. Proposed Non-Recurring Charge | \$0.00 | | |
| 28. Monthly Cost (L26 / 12) | \$40.06 | | |
| 29. Proposed Monthly Recurring Charge | \$40.06 | | |
| 30. Unit Cost/PV Analysis | \$32.97 | 82.31% | 25.48% |

22-Oct-91

GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

SERVICE: DEDICATED SWITCHED ACCESS

RATE ELEMENT: HIGH CAPACITY DIGITAL DS1 DSAT

STATE: INDIANA

I. Cost and Salvage Value of Equipment

| | |
|--|----------|
| 1. Circuit Equipment Material | \$464.98 |
| 2. Outside Plant Material | 501.88 |
| 3. Total Material Cost (L1 + L2) | 966.86 |
| 4. Net Salvage Value (Including Cost of Removal) | 7.53 |
| 5. Net Material Cost (L3 - L4) | \$959.32 |

II. Installation Cost

| | |
|--|------------|
| 6. Circuit Equipment Engineering Labor | \$139.06 |
| 7. Outside Plant Engineering Labor | 28.73 |
| 8. Total Engineering Labor (L6 + L7) | 167.78 |
| 9. Circuit Equipment Installation Labor | 235.22 |
| 10. Outside Plant Installation Labor | 85.95 |
| 11. Total Installation Labor (L9 + L10) | 321.16 |
| 12. Total Installed Cost (L3 + L8 + L11) | \$1,455.80 |

III. Non-Reusable Cost

| | |
|--|----------|
| 13. Engineering/Installation Labor Cost (L8 + L11) | \$488.95 |
| 14. Cost of Removal | 0.00 |
| 15. Total Non-Reusable Cost (L13 + L14) | \$488.95 |

IV. Net Investment

| | | |
|--------------------------------------|------------|-----------------------------|
| 16. Total Net Investment (L12 - L4) | \$1,448.27 | % of Total Investment |
| V. Total Annual Cost | | ----- |
| 17. Circuit Equipment Depreciation | \$60.43 | 7.20% |
| 18. Outside Plant Depreciation | 37.92 | 6.15% |
| 19. Return | 82.31 | 5.65% |
| 20. Federal and State Income Tax | 46.28 | 3.18% |
| 21. Annual Nonrecoverable Cost | 23.74 | 1.63% |
| 22. Maintenance | 100.86 | 6.93% |
| 23. Administration | 117.50 | 8.07% |
| 24. Other Taxes | 15.30 | 1.05% |
| 25. Other | 0.00 | 0.00% |
| 26. Total Annual Cost (L17...L25) | \$484.33 | 33.27% |

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|---------|-----------------------|---------------------------------|
| | | % Unit Cost/ Price | % Unit Cost/ Unit Investment |
| 27. Proposed Non-Recurring Charge | \$0.00 | | |
| 28. Monthly Cost (L26 / 12) | \$40.36 | | |
| 29. Proposed Monthly Recurring Charge | \$40.36 | | |
| 30. Unit Cost/PV Analysis | \$30.57 | 75.74% | 25.20% |

GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

Exhibit 6
Page 1 of 22

SERVICE: CCS7 ACCESS SERVICE

RATE ELEMENT: RSTP PORT

STATE: CALIFORNIA

I. Cost and Salvage Value of Equipment

| | |
|--|-------------|
| 1. Central Office Equipment Material | \$12,910.77 |
| 2. Net Salvage Value (Including Cost of Removal) | 95.39 |
| 3. Net Material Cost (L1 - L2) | \$12,815.38 |

II. Installation Cost

| | |
|--|-------------|
| 4. Central Office Equipment Engineering Labor | \$1,408.58 |
| 5. Central Office Equipment Installation Labor | 603.50 |
| 6. Total Installed Cost (L1 + L4 + L5) | \$14,922.85 |

III. Non-Reusable Cost

| | |
|--|------------|
| 7. Engineering/Installation Labor Cost (L4 + L5) | \$2,012.08 |
| 8. Cost of Removal | 258.22 |
| 9. Total Non-Reusable Cost (L7 + L8) | \$2,270.29 |

IV. Net Investment

| | |
|--------------------------------------|-------------|
| 10. Total Net Investment (L6 - L2) | \$14,827.46 |
|--------------------------------------|-------------|

V. Total Annual Cost

| | | |
|---|------------|--------|
| 11. Central Office Equipment Depreciation | \$944.48 | 6.33% |
| 12. Return | 844.78 | 5.66% |
| 13. Federal and State Income Tax | 521.81 | 3.50% |
| 14. Annual Non-Recoverable Cost | 532.69 | 3.57% |
| 15. Maintenance | 1,255.68 | 8.41% |
| 16. Administration | 1,090.20 | 7.31% |
| 17. Other Taxes | 113.52 | 0.76% |
| 18. Other | 867.72 | 5.81% |
| 19. Total Annual Cost (L11...L18) | \$6,170.88 | 41.35% |

% Unit Cost/
Price % Unit Cost/
Unit Investment

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|----------|--------|--------|
| 20. Proposed Non-Recurring Charge | \$55.00 | | |
| 21. Monthly Cost (L19 / 12) | \$514.24 | | |
| 22. Proposed Monthly Recurring Charge | \$515.00 | | |
| 23. Unit Cost/PV Analysis | \$423.39 | 82.21% | 34.05% |

GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

Exhibit 6
Page 2 of 22

SERVICE: CCS7 ACCESS SERVICE

RATE ELEMENT: RSTP PORT

STATE: ILLINOIS

I. Cost and Salvage Value of Equipment

| | |
|--|-------------|
| 1. Central Office Equipment Material | \$14,444.18 |
| 2. Net Salvage Value (Including Cost of Removal) | 0.00 |
| 3. Net Material Cost (L1 - L2) | \$14,444.18 |

II. Installation Cost

| | |
|--|-------------|
| 4. Central Office Equipment Engineering Labor | \$1,437.10 |
| 5. Central Office Equipment Installation Labor | 615.73 |
| 6. Total Installed Cost (L1 + L4 + L5) | \$16,497.01 |

III. Non-Reusable Cost

| | |
|--|------------|
| 7. Engineering/Installation Labor Cost (L4 + L5) | \$2,052.82 |
| 8. Cost of Removal | 288.88 |
| 9. Total Non-Reusable Cost (L7 + L8) | \$2,341.71 |

IV. Net Investment

| | |
|--------------------------------------|-------------|
| 10. Total Net Investment (L6 - L2) | \$16,497.01 |
|--------------------------------------|-------------|

% of
Total
Investment

V. Total Annual Cost

| | | |
|---|------------|--------|
| 11. Central Office Equipment Depreciation | \$999.82 | 6.06% |
| 12. Return | 927.96 | 5.63% |
| 13. Federal and State Income Tax | 550.90 | 3.34% |
| 14. Annual Non-Recoverable Cost | \$788.80 | 4.78% |
| 15. Maintenance | 954.84 | 5.79% |
| 16. Administration | 1,199.04 | 7.27% |
| 17. Other Taxes | 247.44 | 1.50% |
| 18. Other | 874.20 | 5.30% |
| 19. Total Annual Cost (L11...L18) | \$6,543.00 | 39.66% |

% Unit Cost/
Price % Unit Cost/
Unit Investment

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|----------|--------|--------|
| 20. Proposed Non-Recurring Charge | \$43.00 | | |
| 21. Monthly Cost (L19 / 12) | \$545.25 | | |
| 22. Proposed Monthly Recurring Charge | \$546.00 | | |
| 23. Unit Cost/PV Analysis | \$445.33 | 81.56% | 32.39% |

GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

Exhibit 6
Page 3 of 22

SERVICE: CCS7 ACCESS SERVICE

RATE ELEMENT: RSTP PORT

STATE: INDIANA

I. Cost and Salvage Value of Equipment

| | |
|--|-------------|
| 1. Central Office Equipment Material | \$14,229.41 |
| 2. Net Salvage Value (Including Cost of Removal) | 569.18 |
| 3. Net Material Cost (L1 - L2) | \$13,660.23 |

II. Installation Cost

| | |
|--|-------------|
| 4. Central Office Equipment Engineering Labor | \$1,437.10 |
| 5. Central Office Equipment Installation Labor | 615.73 |
| 6. Total Installed Cost (L1 + L4 + L5) | \$16,282.23 |

III. Non-Reusable Cost

| | |
|--|------------|
| 7. Engineering/Installation Labor Cost (L4 + L5) | \$2,052.82 |
| 8. Cost of Removal | 284.59 |
| 9. Total Non-Reusable Cost (L7 + L8) | \$2,337.41 |

IV. Net Investment

| | |
|--------------------------------------|-------------|
| 10. Total Net Investment (L6 - L2) | \$15,713.06 |
|--------------------------------------|-------------|

V. Total Annual Cost

| | | |
|---|------------|--------|
| 11. Central Office Equipment Depreciation | \$1,565.60 | 9.62% |
| 12. Return | 928.49 | 5.70% |
| 13. Federal and State Income Tax | 552.06 | 3.39% |
| 14. Annual Non-Recoverable Cost | \$140.69 | 0.86% |
| 15. Maintenance | 928.44 | 5.70% |
| 16. Administration | 1,475.16 | 9.06% |
| 17. Other Taxes | 159.24 | 0.98% |
| 18. Other | 876.72 | 5.38% |
| 19. Total Annual Cost (L11...L18) | \$6,626.40 | 40.70% |

% Unit Cost/
Price % Unit Cost/
Unit Investment

VI. Amounts to be Tariffed

| | | | |
|---------------------------------------|----------|--------|--------|
| 20. Proposed Non-Recurring Charge | \$45.00 | | |
| 21. Monthly Cost (L19 / 12) | \$552.20 | | |
| 22. Proposed Monthly Recurring Charge | \$553.00 | | |
| 23. Unit Cost/PV Analysis | \$429.27 | 77.63% | 31.64% |

GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

Exhibit 2
Page 1 of 6

SERVICE: LIDB QUERY

RATE ELEMENT: LIDB QUERY TRANSPORT

STATE: CALIFORNIA, ILLINOIS, INDIANA

I. Cost and Salvage Value of Equipment

| | |
|--|--------------|
| 1. Central Office Equipment Material | \$893,063.90 |
| 2. Net Salvage Value (Including Cost of Removal) | \$8,559.77 |
| 3. Net Material Cost (L1 - L2) | \$884,504.13 |

II. Installation Cost

| | |
|--|----------------|
| 4. Central Office Equipment Engineering Labor | \$94,530.18 |
| 5. Central Office Equipment Installation Labor | \$40,501.84 |
| 6. Total Installed Cost (L1 + L4 + L5) | \$1,028,095.92 |

III. Non-Reusable Cost

| | |
|--|--------------|
| 7. Engineering/Installation Labor Cost (L4 + L5) | \$135,032.02 |
| 8. Cost of Removal | \$17,861.28 |
| 9. Total Non-Reusable Cost (L7 + L8) | \$152,893.29 |

IV. Net Investment

| | |
|--------------------------------------|----------------|
| 10. Total Net Investment (L6 - L2) | \$1,019,536.15 |
|--------------------------------------|----------------|

V. Total Cost Per Query

| | | % of Total Investment |
|---|--------------|-----------------------------|
| 11. Central Office Equipment Depreciation | \$72,248.48 | 7.03% |
| 12. Return | \$58,311.88 | 5.67% |
| 13. Federal and State Income Tax | \$35,540.95 | 3.46% |
| 14. Annual Non-Recoverable Cost | \$101,935.21 | 9.91% |
| 15. Maintenance | \$66,600.42 | 6.48% |
| 16. Administration | \$184,970.10 | 17.99% |
| 17. Other Taxes | \$13,651.92 | 1.33% |
| 18. Other | \$0.00 | 0.00% |
| 19. Total Annual Cost (L11...L18) | \$533,258.97 | 51.87% |
| 20. Total Annual Units | 117258647 | |
| 21. Cost per LIDB Query Transport Query | \$0.004548 | |

% Unit Cost/ % Unit Cost
Price Unit Investment

VI. Amounts to be Tariffed

| | |
|--|-----------|
| 22. Proposed Non-Recurring Charge | \$0.00000 |
| 23. Proposed LIDB Transport Query Charge | \$0.00460 |
| 24. Unit Cost/PV Analysis | \$0.00297 |

64.57% 169.3

GTE SYSTEM TELEPHONE COMPANIES
INVESTMENT AND COST DATA

Exhibit 3
Page 1 of 6

SERVICE: LIDB QUERY

RATE ELEMENT: LIDB QUERY

STATE: CALIFORNIA, ILLINOIS, INDIANA

I. Cost and Salvage Value of Equipment

| | |
|--|----------------|
| 1. Central Office Equipment Material | \$4,072,288.63 |
| 2. Net Salvage Value (Including Cost of Removal) | \$38,769.94 |
| 3. Net Material Cost (L1 - L2) | \$4,033,518.69 |

II. Installation Cost

| | |
|--|----------------|
| 4. Central Office Equipment Engineering Labor | \$177,852.10 |
| 5. Central Office Equipment Installation Labor | \$415,105.59 |
| 6. Total Installed Cost (L1 + L4 + L5) | \$4,665,246.31 |

III. Non-Reusable Cost

| | |
|--|--------------|
| 7. Engineering/Installation Labor Cost (L4 + L5) | \$592,957.68 |
| 8. Cost of Removal | \$81,445.77 |
| 9. Total Non-Reusable Cost (L7 + L8) | \$674,403.46 |

IV. Net Investment

| | |
|--------------------------------------|----------------|
| 10. Total Net Investment (L6 - L2) | \$4,626,476.37 |
|--------------------------------------|----------------|

V. Total Cost Per Query

| | | % of Total Investment |
|---|----------------|-----------------------------|
| 11. Central Office Equipment Depreciation | \$350,836.35 | 7.52% |
| 12. Return | \$264,600.91 | 5.67% |
| 13. Federal and State Income Tax | \$161,273.62 | 3.46% |
| 14. Annual Non-Recoverable Cost | \$434,532.48 | 9.31% |
| 15. Maintenance | \$283,114.31 | 6.07% |
| 16. Administration | \$1,357,099.92 | 29.09% |
| 17. Other Taxes | \$66,908.36 | 1.43% |
| 18. Other | \$1,873,516.07 | 40.16% |
| 19. Total Annual Cost (L11...L18) | \$4,791,882.02 | 102.71% |
| 20. Total Annual Units | 117258646 | |
| 21. Cost per LIDB Query | \$0.040866 | |

VI. Amounts to be Tariffed

| | | % Unit Cost/ Price | % Unit Cost/ Unit Investment |
|-----------------------------------|-----------|-----------------------|---------------------------------|
| 22. Proposed Non-Recurring Charge | \$0.00000 | | |
| 23. Proposed LIDB Query Charge | \$0.04090 | | |
| 24. Unit Cost/PV Analysis | \$0.02929 | 71.62% | 368.12% |

IV. Financial Analysis

Common Channel Signaling System 7 (CCS7) Access Service is a new service and consists of three rate elements: a Dedicated Switched Access Line (DSAL), Dedicated Switched Access Transport (DSAT), and a Regional Signal Transfer Point (RSTP) Port Termination. The customer has the option to order the DSAL and DSAT as a 56 Kbps digital facility or as a High Capacity Digital DS1 (1.544 Mbps) facility. These elements are depicted on Exhibit 1, Pages 1 and 2,

enclosed herein. Also enclosed herein is the cost support for those rate elements as shown on the following exhibits.

Exhibit 2 - Cost Support - 56 Kbps Digital DSAL

Exhibit 3 - Cost Support - 56 Kbps Digital DSAT

Exhibit 4 - Cost Support - High Capacity Digital DS1 (1.544 Mbps) DSAL

Exhibit 5 - Cost Support - High Capacity Digital DS1 (1.544 Mbps) DSAT

Exhibit 6 - Cost Support - RSTP Port Termination

Pursuant to Section 61.49(g) of the Commission's Rules, exchange carriers subject to price cap regulation are required to demonstrate that a new service generates a net revenue increase. In addition to fulfilling the requirements of Section 61.49(g) of the Rules, this filing also fulfills the requirements of Section 61.38 by supporting the new service rates with full cost studies. These cost studies illustrate a direct cost level and a fully distributed cost level.

Rate Development - DSAL and DSAT

The cost support schedules provided for the DSAL and DSAT rate elements in Exhibits 2 through 5 include complete cost, demand, and revenue detail in compliance with Sections 61.38 and 61.49. Also included are ratios of direct unit costs to unit investment and direct unit costs to unit price. Exhibits 2 through 5 contain an Investment and Cost Data schedule, a Return and Income Tax Calculation schedule, and a Demand and Revenue Analysis schedule. The following is an explanation of those schedules.

Investment and Cost Data - DSAL and DSAT

This schedule contains a projection of both fully loaded and direct unit costs for the DSAL and DSAT rate elements. The proposed DSAL and DSAT rates are based on typical configurations, investment costs and expenses associated with the California, Illinois and Indiana study areas. The most recent engineering, installation and vendor information was identified for each component of a typical DSAL and DSAT service. An annual and monthly cost was computed for each rate element. These cost data are detailed for each of the three study areas. The calculation of these costs and cost factors, appearing in Lines 1 through 30 of the Investment and Cost Data schedule, are described below.

1. Circuit Equipment - Investment and material cost of equipment required at the CDL and/or the central office for DSAL and DSAT elements.
2. OSP Material - Material cost of cable used to provide DSAL and DSAT services.
3. Total Material - Represents the total of circuit and OSP investment (sum of Line 1 and 2).
4. Net Salvage Value - Reflects the portion of circuit and OSP investment that is recoverable at the expiration of the book life of the equipment.
5. Net Material Cost - Total material cost less net salvage value.
- 6-8. Total Engineering Labor - Total of the engineering costs associated with the design and installation of the cable and circuit equipment.

- 9-11. Total Installation Labor - Total of the labor costs associated with the installation of the cable and circuit equipment.
- 12. Total Installed Cost - Represents the total investment required for the service.
- 13-15. Total Non-reusable Cost - Sum of the installation, engineering and removal costs (Lines 8 + 11 + 14).
- 16. Total Net Investment-Installed Cost less net salvage (Lines 12 - 4).
- 17. Circuit Depreciation - Annual depreciation expenses based on the book life of the equipment. The annual cost factor (% of total investment column) is computed as one divided by the book life.
- 18. OSP Depreciation - Annual depreciation expense based on the book life of OSP cable.
- 19. Return - The sum of average annual investment times 11.25% divided by the revenue life.
- 20. Federal and State Income Tax - The average annual tax expense, calculated using the annual return and appropriate tax factors. Tax computations are displayed on the "Return and Income Tax Calculations" schedule.

21. **Annual Non-Recoverable Cost** - Reflects a portion of the investment and labor costs which must be recovered within the minimum service period. The non-recoverable costs are computed as the present worth of capital (Net Investment) plus Income Tax effect less the proposed nonrecurring charge, spread over the book life (using a factor of 11.25%) and net of depreciation, return and tax expenses.
22. **Maintenance** - Annual maintenance expense based on annual expense factors for circuit and OSP maintenance multiplied times the appropriate material investment.
23. **Administration** - Annual general and administrative expenses were developed using each company's overall administrative expense factor, including customer operations, corporate operations, plant non-specific and other general administrative expenses.
24. **Other Taxes** - Annual tax expenses other than federal and state income taxes.
25. **Other Expenses** - Other miscellaneous expenses.
26. **Total Annual Cost** - Sum of all annual expenses (Lines 17-25). This is the fully distributed costs of providing these services in California, Illinois, and Indiana.
27. **Proposed Nonrecurring Charge** - The nonrecurring charge applied to the appropriate rate elements.
28. **Monthly cost** - Total annual cost divided by 12.

- 29. Proposed MRC - The proposed monthly rates are priced at or near fully distributive costs.
- 30. Unit Cost - Direct costs excluding administrative and miscellaneous overheads. Unit costs/unit price is the ratio of unit costs to the proposed price. Unit costs/unit investment is the ratio of the annual unit cost to the unit investment.

Return and Income Tax Calculation - DSAL and DSAT

This schedule contains detailed calculations of the annual return and income tax amounts.

Demand and Revenue Analysis - DSAL and DSAT

Demand for these services was established for the first year by surveying our customers and requesting their input relative to unit requirements. GTE estimated future service growth for years two and three. This schedule depicts projected demand and net revenues on an annual basis for each of the rate elements in each of the three study areas. There are no revenue losses attributable to other services, as these new services are stand alone requirements and dedicated to the RSTP Ports.

The net revenue analysis included in this schedule displays the projected annual revenue for each rate element over a three-year period. In all cases, the proposed rates are expected to generate additional switched access net revenue, calculated on a present value basis, over a three-year period.

Rate Development - RSTP Port Termination

The cost support schedules provided for the RSTP Port Termination rate element in Exhibit 6 include complete cost, demand, and revenue detail in compliance with Sections 61.38 and 61.49. Also included are ratios of direct unit costs to unit investment and direct unit costs to unit price. The representative 12-month period costs for the provision of the RSTP Port Termination are the annual costs resulting from a seven-year levelized study. The seven-year study period is preferable to a 12-month study period because the representative costs associated with the RSTP Port are not incurred in any single 12-month period. Levelization is a generally accepted principle for smoothing the erratic short run marginal cost effects of "lumpy investment".

The RSTP Port cost consists of two cost elements: 1) RSTP Port functionality cost and 2) RSTP Port service establishment costs. The RSTP Port functionality cost for California, Illinois and Indiana is the unit port cost associated with the RSTP mated pair in Bloomington, Illinois and Fort Wayne, Indiana, and Santa Monica and Ontario, California. Port costs are developed for each state based

upon its vendor technology and port demand. (Illinois and Indiana have a RSTP Port vendor different than the RSTP Port vendor for California.) Specifically, the RSTP Port Termination charge recovers costs dedicated to a given subscriber and associated with the dedicated switched access facility termination cards. These costs include a proration of the cost for the frame that houses these cards. The proration is required because the frame also houses processing cards that are not dedicated to a given termination, but are common to all terminations. The common costs are recovered from LIDB Query service customers through the proposed LIDB Query Transport charge element. (See Transmittal No. 692.)

Exhibit 6 contains an Investment and Cost Data schedule, a Return and Income Tax Calculation schedule, a Demand and Revenue Analysis schedule, and a Nonrecurring Charge schedule. The following is an explanation of these schedules.

Investment and Cost Data - RSTP Port Termination

This schedule contains a projection of both fully loaded and direct unit costs for the RSTP Port Termination rate element. The proposed RSTP Port Termination rates are based on investment costs and expenses within the California, Illinois and Indiana study areas. The most recent engineering, installation and vendor information was identified for each component of the RSTP Port. An annual and monthly cost was computed for each rate element. These cost data are detailed